PhilRatings PHILIPPINE RATING SERVICES CORPORATION *The Pioneer Domestic Credit Rating Agency*	**RATING NEWS** **January 7, 2026**

Megawide's Planned Notes Receive Very Strong Credit Rating

Philippine Rating Services Corporation (PhilRatings) has assigned an Issue Credit Rating of **PRS Aa**, with a **Stable Outlook**, for Megawide Construction Corporation's (Megawide) planned fixed-rate notes of up to ₱1.5 billion. Proceeds from the enrolled notes will be used for refinancing of the Company's existing obligations and for general corporate purposes.

Obligations rated **PRS Aa** are of high quality and are subject to very low credit risk. The obligor's capacity to meet its financial commitment on the obligation is very strong. A **Stable Outlook**, on the other hand, indicates that the assigned rating is likely to be maintained or to remain unchanged in the next 12 months.

The assigned rating and Outlook took into account the following key considerations: (1) Solid brand, track record, and project execution capabilities; (2) Strategic transit and property initiatives driving growth opportunities; (3) Sustained increase in margins, albeit bottom line registered a moderate decline; and (4) improvement in leverage levels, which is seen to be sustained going forward.

PhilRatings' ratings are based on available information and projections at the time that the rating review was performed. PhilRatings shall continuously monitor developments relating to Megawide and may change the ratings at any time, should circumstances warrant a change.

Megawide has established a strong reputation in the Philippine construction industry. The Company holds an AAAA Contractor's License from the Philippine Contractors Accreditation Board (PCAB), the highest classification for private sector projects, as well as a Large B government registration for large-scale public infrastructure works. These credentials enable Megawide to undertake a wide range of government and private sector developments, including highways, bridges, airports, railways, and social infrastructure.

Over the years, Megawide has successfully delivered major infrastructure projects across different administrations, including the Parañaque Integrated Terminal Exchange (PITX), the Mactan-Cebu International Airport, the Clark International Airport, and the Public School Infrastructure Project. Recent contract awards, such as the Caticlan Airport Passenger Terminal Building, further reinforce this track record. The Company has also secured residential construction projects such as Avesta Residences under the government's housing program, as well as Uptown Modern and One Portwood Residences. These new contracts broaden Megawide's project portfolio across both public and private sectors.

Building on this extensive experience, Megawide continues to leverage its construction and engineering capabilities across its transport and property development platforms, creating synergies that support execution efficiency and long-term growth. Transit-oriented developments anchored by the PITX are set to expand through the Baguio City Integrated Terminal (BCIT), the South Luzon Integrated Terminal Exchange (SLITX), and the Cavite Bus Rapid Transit (CBRT) projects, all of which are expected to generate recurring income through lease and concession arrangements as soon as fully operational. The Company also entered into property development through PH1 World Developers, Inc. (PH1), which focuses on the affordable to mid-income residential segment. Participation in the government's Pambansang Pabahay para sa Pamilyang Pilipino (4PH) Program through a new subsidiary Megawide Dreamrise Residences Inc. (MDRI) is likewise expected to provide scale and strengthen its presence in the administration's priority housing campaign.

In the first nine months of 2025 (9M2025), Megawide recorded revenues of ₱12.3 billion, down by 24.6% year-on-year (YoY). Lower top line was largely driven by the 32.7% YoY drop in construction revenues to ₱10.4 billion, as a number of the Company's existing projects are currently at the winding down phase. On a positive note, revenues from real estate operations grew more than threefold to ₱1.5 billion, on account of the steady increase in the construction completion of ongoing projects. Direct costs also recorded a bigger decline than revenues, resulting in gross profit inching up by 4.2% YoY to ₱3.2 billion. Sustaining its momentum in 2024, gross margin jumped from 19.0% in 9M2024 to 26.3% in 9M2025.

With the increases in other operating expenses and finance costs, the Company registered a net income of ₱501.1 million in 9M2025, lower by 12.8% YoY. Net profit margin nevertheless went up from 3.5% in 9M2024 to 4.1% in 9M2025, continuing the improvement in margins seen in full-year 2024 results. Megawide looks forward to continuous improvement in its margins over the medium-term, backed by growing revenues and well-controlled costs and expenses.

In relation to its leverage, the Company's debt-to-equity ratio improved from 2.1x as of end-2024 to 1.9x as of end-September 2025, given a favorable combination of lower debt and higher equity. A portion of the Company's debt was settled using the ₱3.5 billion in cash collected from parent Citicore Holdings Investment, Inc. (CHII) for partial settlement of outstanding advances.

Moving forward, Megawide expects further improvement in its leverage ratios. Management has disclosed its intention to strengthen its financial position by retiring a substantial portion of the Company's debt over the next year.